Financial Statements 2015 of the Kuehne + Nagel Group

Continued Success

Schindellegi / CH, March 2, 2016 – For the globally operating Kuehne + Nagel Group 2015 was once again a successful year. Profitability further increased leading to a new record result in earnings for the year. Due to the strong Swiss Franc, net turnover of CHF 16,731 million was 4.4 per cent below the previous year, whereas gross profit remained at last year’s level. The operational result (EBITDA) increased by 3.6 per cent to CHF 1,041 million. The EBIT margin amounted to 5.1 per cent and exceeded the target ahead of time. Earnings for the year improved by 5.4 per cent (in constant currencies by 12.7 per cent) to CHF 679 million.

For the 2015 business year, the Board of Directors will propose a dividend of CHF 5.00 per share to the Annual General Meeting.

<table>
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<tr>
<th>Kuehne + Nagel Group</th>
<th>2015</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td><strong>CHF million</strong></td>
<td></td>
<td></td>
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<tr>
<td>Turnover</td>
<td>20,283</td>
<td>21,291</td>
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<tr>
<td>Net turnover</td>
<td>16,731</td>
<td>17,501</td>
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<tr>
<td>Gross profit</td>
<td>6,251</td>
<td>6,288</td>
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<tr>
<td>Operational result (EBITDA)</td>
<td>1,041</td>
<td>1,005</td>
</tr>
<tr>
<td>EBIT</td>
<td>850</td>
<td>819</td>
</tr>
<tr>
<td>Earnings for the year</td>
<td>679</td>
<td>644</td>
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| Kuehne + Nagel International AG | | |
|---------------------------------|--|
| Dividend per share in CHF       | 5.00* |
| Anniversary dividend per share in CHF | 3.00 |

* Proposal to the Annual General Meeting on May 3, 2016
Dr. Detlef Trefzger, CEO of Kuehne + Nagel International AG: “We are proud that in a challenging environment we were able to further increase profitability and once again achieve a new record result. This positive performance was driven by both the effectiveness of our efficiency programmes and the successful implementation of strategic initiatives. It is our customer proximity and understanding of future customer requirements, that enables us to innovatively expand our service portfolio in line with the market. This allowed us to set the course for the Group’s future success.”

Development of the business units

Seafreight

In an international seafreight market characterised by highly volatile rates and weak growth, Kuehne + Nagel focused on profitable business. In the first half of the year this resulted in a volume decline, which was then compensated in the second half by profitable volume increases in the North American and intra-Asian trade lanes. Whereas the growth in European exports stagnated due to regional differences in demand, Kuehne + Nagel clearly increased volumes in trades to and from North and South America. With regard to specialised solutions such as reefer container and LCL (Less-than-Container-Load), Kuehne + Nagel gained further market share and strengthened its leading position. In total, the company handled 3.8 million TEU, the same quantity as the previous year but with improved profitability: gross profit per TEU increased by 5.2 per cent and the EBIT-to-gross profit margin (conversion rate) rose from 30.3 per cent to an impressive 33.2 per cent. EBIT increased by 15.3 per cent compared to the previous year.

Airfreight

In airfreight, Kuehne + Nagel remained successfully on course in a stagnant to slightly declining global market. The company increased its tonnage by 4.7 per cent to 1,250,000 tonnes, thereby reaffirming its position as the second largest global airfreight forwarder. A key factor
in the good performance was the focus on industry-specific airfreight solutions, which led to significant business wins in the pharmaceutical, aerospace and perishables sectors. KN FreightNet, the innovative online portal, proved to be an effective new sales channel. Customers worldwide can receive instant quotes for airfreight services, place bookings and track shipments. The enhanced profitability in this business unit is reflected in the conversion rate, which increased from 27.0 per cent in the previous year to 29.3 per cent; EBIT improved by 11.3 per cent.

**Overland**
The operational performance in overland remained stable despite the challenging market situation in Europe. The groupage activities in Germany, France and the UK were successfully expanded. The new workflow concept for less than truckload (LTL) and full truckload (FTL) shipments contributed to the pleasing development of this business unit. Kuehne + Nagel’s acquisition of ReTrans, a U.S.-based provider of multimodal transportation management solutions, in August 2015 marked an important step in the expansion of activities outside Europe. A notable amount of new business was already generated in cooperation with the North American Kuehne + Nagel organisation in the fourth quarter. The overall positive development was impacted by an antitrust fine imposed by the French competition authority on twenty French parcel service providers, including a CHF 34 million fine for the Alloin Group, a French transport company, which Kuehne + Nagel took over in 2009. Thereof, CHF 33 million are attributable to the time before the acquisition of the Alloin Group. Kuehne + Nagel dissociates itself from such business practises and has a comprehensive compliance programme in place, which is continuously improving. The EBIT decrease from CHF 30 million in the previous year to CHF 7 million is mainly owed to the antitrust fine. Kuehne + Nagel lodged an appeal against the French competition authority’s decision.
Contract Logistics

Kuehne + Nagel’s industry-specific end-to-end solutions met with high demand in the market, as confirmed by the new business wins in 2015 with an additional warehousing space of some 860,000 m². The three strategic initiatives – focused growth, continual process improvement and Master Location Plan – prove to be effective. In the year under review, Kuehne + Nagel managed a total of over 9.5 million m² of warehouse and logistics space for its customers worldwide. At the same time, the idle space was reduced from 4.2 per cent to 3.5 per cent. Net turnover from contract logistics saw a currency-adjusted increase of 5.5 per cent, placing it above the market average. Nevertheless, negative currency effects, which particularly affected this division, and the drinks logistics business in the UK, significantly impacted the result. EBIT decreased from CHF 153 million in the previous year to CHF 119 million.

Net Turnover

After customs, duties and taxes the Kuehne + Nagel Group achieved a net turnover of CHF 16,731 million in 2015, which represents a decrease of 4.4 per cent compared to the previous year. Negative currency effects impacted net turnover by 8.0 per cent. While net turnover in Asia Pacific remained stable at the previous year’s level, in the Americas it rose by 9.2 per cent. EMEA recorded a decrease by 9.6 per cent, mainly as a result of the strong Swiss Franc against the Euro.

Gross Profit

Gross profit, which is the better performance indicator than turnover for a logistics company, is with CHF 6,251 million in 2015 slightly below (by 0.6 per cent) the previous year. Negative currency effects had an impact of 8.6 per cent. In the Americas gross profit increased by 14.0 per cent and in Asia Pacific by 10.9 per cent. In EMEA however, the strong Swiss Franc resulted in a decline by 5.1 per cent.
EBITDA
Earnings before interest, tax, depreciation, amortisation and impairment of property, plant and equipment, goodwill and other intangible assets (EBITDA) increased by 3.6 per cent to CHF 1,041 million compared to the previous year; negative currency effects had an impact of 7.8 per cent. EMEA generated the largest EBITDA contribution with CHF 580 million (55.7 per cent) followed by the Americas with CHF 231 million (22.2 per cent) and Asia Pacific with CHF 230 million (22.1 per cent).

EBIT
In 2015, earnings before interest and tax (EBIT) improved by CHF 31 million to CHF 850 million, whereas foreign currency effects impacted negatively by 7.1 per cent. The increase was mainly due to a further improvement in profitability. EBIT in the Americas increased by CHF 44 million (28.2 per cent) and in Asia Pacific by CHF 29 million (15.7 per cent). In EMEA, however, EBIT decreased by CHF 42 million (8.8 per cent). The EBIT margin amounted to 5.1 per cent and exceeded the target ahead of time.

Dividend
The Board of Directors will propose to the Annual General Meeting on May 3, 2016, the distribution of a dividend of CHF 5.00 per share (previous year: CHF 4.00 per share and CHF 3.00 anniversary dividend per share).

Karl Gernandt, Chairman of the Board of Directors of Kuehne + Nagel International AG: “The result in the anniversary year confirmed that our company is able to substantially improve even in a volatile environment. Our structures and processes are flexible enough to respond quickly and effectively to new market situations. The market environment will again remain challenging in the current year but our resilient business model, strong leadership and, above all, the commitment of all employees
worldwide allow the Board of Directors to be optimistic that the company’s positive development will continue."

About Kuehne + Nagel
With over 67,000 employees at some 1,200 locations in over 100 countries, the Kuehne + Nagel Group is one of the world’s leading logistics companies. Its strong market position lies in the seafreight, airfreight, contract logistics and overland businesses, with a clear focus on high value-added segments such as IT-based integrated logistics solutions.
Further information can be found at www.kuehne-nagel.com